

- BC becomes second most popular destination for immigrants to Canada
- Labour income increases 6.1%, posting strongest growth since 2000
- Residential investment up 10.8% during 2005

Population

- BC replaced Quebec as the second-most popular destination for immigrants to Canada during the fourth quarter, with one in six (9,611) immigrants indicating that they planned to settle in this province. Ontario remained by far the most popular destination, receiving 30,194 of the 55,298 people who landed in Canada in the last three months of 2005.

Immigrant landings in BC were up 27.4% from the fourth quarter of 2004. Family reunification was a major factor in the strong growth. For the first time in years, BC received more family immigrants (3,968) than skilled workers (3,576), accounting for a fifth of the national total. Nearly half (49%) of all investor immigrants, 29% of entrepreneurs and 23% of self-employed immigrants who came to Canada were planning to settle in BC.

Data Source: BC Stats

The Economy

- Wages, salaries and benefits earned by workers in the province advanced 1.9% (*seasonally adjusted*) in the fourth quarter, continuing a long trend of steady growth in labour income. The increase was slightly higher than the national average (+1.7%) but lower than in both Alberta (+3.9%) and Saskatchewan (+2.0%).

Data Source: Statistics Canada

- Investment in residential construction projects remained solid during the fourth quarter of 2005, advancing 18.1% over the same period a year earlier. Spending on new apartment dwellings (+45.6%) was particularly robust.

Data Source: Statistics Canada

- Restaurant, caterer and tavern receipts in BC were down 3.0% (*seasonally adjusted*) in December. Sales in food service establishments were off 3.6% but drinking places took in more revenues (+3.7%). *Data Source: Statistics Canada & BC Stats*

Agriculture

- Farm cash receipts in the province were 5.3% lower (*unadjusted*) in the fourth quarter of 2005 than in the same period of 2004. Crop sales improved slightly (+1.0%) as did revenues from livestock (+13.6%), but subsidies and other payments to farmers were significantly lower (-79.9%) than in the fourth quarter of 2004, when farmers received compensation following the forced slaughter of chickens and other fowl earlier in the year. Payments to farmers accounted for about 14% of total cash receipts during the fourth quarter of 2004, roughly three times the usual percentage.

Nationally, farm cash receipts were down 3.2% to \$9.7 billion, as gains in receipts for livestock (+5.7%) were not enough to offset a decline in crop receipts (-4.4%).

Data Source: Statistics Canada

2005: The Year in Review

- Labour income in the province rose 6.1% during 2005, posting the strongest increase since 2000, when wages, salaries and benefits of workers in the province grew 6.8%. The increase in labour income was well above the 3.3% growth in employment during 2005, suggesting that higher wages were a major factor. Alberta (+9.4%) posted an even stronger increase in labour income, as did the territories (+7.8%). Nationally, labour income increased 5.4% last year.

Data Source: Statistics Canada

- The value of residential investment in BC reached record levels in 2005, topping the \$11 billion dollar mark. Spending was up 10.8% from 2004 as the boom in investment continued for a sixth straight year. More than half of the spending was on new housing, with \$6.0 billion (+11.8%) invested in new structures. At the same time, British Columbians spent \$4.0 billion (+8.8%) on improvements to existing dwellings.

while \$1.1 billion (+16.7%) was spent on acquisition costs (legal and other fees) related to property transfers.

With the exception of Quebec (-0.3%), every province saw increases in residential construction investment in 2005. Western Canada led the nation in terms of residential investment growth with Alberta bucking the charts with a 20.7% increase. Saskatchewan (+7.9%) and Manitoba (+7.6%) were the only other provinces where investment increased more than the national average (+5.7%). *Data Source: Statistics Canada*

- **Farm cash receipts in the province rose 5.2% in 2005, largely because of a turnaround in earnings from sales of livestock (+16.3%).** Crop receipts were up 2.2%, but payments to farmers declined 35.9%. Nationally, cash receipts rose 1.1% as a decline in crop revenues (-6.2%) was more than offset by a big gain (+7.4%) in the livestock industry, following the reopening of US borders as the fear of mad cow disease began to wane. *Data Source: Statistics Canada*

- **Egg production in Canada reached an historical high in 2005 after a rebound from effects of the 2004 avian influenza in BC.** Production stood at 586.7 million dozen eggs, an increase of 5.9%. BC's production reached over 55 million dozen, up 35.4% from 41 million in 2004. *Data Source: Statistics Canada*

- **Restaurant, caterer and tavern receipts in the province rose 2.1% during 2005.** Receipts at food service establishments increased 4.1% but drinking places (-8.2%) did not fare well. Canadian receipts were up 3.6%. *Data Source: Statistics Canada*

Immigrants

- **According to a new study, many of those who immigrate to Canada do not settle here permanently.** The study, which examined migration behaviour among male immigrants aged 25 to 45 at the time of landing, shows that about one third experience out-migration within 20 years of arrival and more than half of those who leave do so within the first year. Emigration rates were strongly influenced by factors such as class of worker and country of origin. Immigrants from Hong Kong and the United States had the highest likelihood of departure,

whereas immigrants from Europe and the Caribbean were about half as likely to leave. Immigrants admitted under the skilled worker or business classes had higher rates of out-migration than those in other immigrant classes. Rates were also influenced by business cycles: the highest out-migration rates occurred among immigrants who arrived in 1980 at the onset of a business cycle downturn and those who arrived during the recession of 1990. *Data Source: Statistics Canada, Research paper: 11F0019MIE2006273*

- **New immigrants to Canada are increasingly less likely to speak English or French at home.** In 2001, 61% of immigrants who arrived in the 1990s spoke a non-official language at home. In 1991, 56% of immigrants who had arrived during the previous decade used a language other than English or French in their home.

Although immigrants arriving in Canada are increasingly more educated and are more than twice as likely to have a university education as the Canadian-born population, proficiency in Canada's official languages is declining. This reflects a shift in immigration patterns, with fewer migrants coming from countries where English or French are spoken regularly.

Immigrants who arrived during the 1990s accounted for approximately 70% of labour force growth between 1991 and 2001. This proportion is expected to reach 100% in coming years. Given that proficiency in literacy and problem solving are strongly linked to labour opportunities and outcomes it is of concern that new immigrants to Canada are becoming less proficient in their use of either English or French. *Data Source: Statistics Canada Cat. # 81-004-XIE, Vol.2, No.5*

The Nation

- **Canada's economy maintained its growth at 2.9% during 2005.** The economic growth was driven by strong domestic demand for goods and services (+4.3%). Business investment (+6.6%) was particularly robust. Consumer spending increased 4.0%. Exports rose 2.3%, but many of the goods and services purchased by consumers, government and business were imported—the value of imports advanced 7.0%. *Data Source: Statistics Canada*

*Infoline Issue: 06-09
March 3rd, 2006*

Contact: Dan Schrier (250) 387-0376

Originally published in *Business Indicators*. Issue 06-01. Annual Subscription \$60 +GST

BC's High Technology Sector

At one point in human history, the wheel would have been considered high technology. It revolutionized human development and became the central component of much of the technology developed thereafter, remaining the most important technological achievement for thousands of years. The pace of technological advancement has quickened over time and some old technologies (e.g., the steam locomotive and the eight-track cassette) have been supplanted by newer, more efficient ones. In more recent years, particularly since the advent of high-speed personal computers, new technological achievements have become almost a daily phenomenon.

In recognition of the continuous evolution of the concept of high technology, BC STATS, in consultation with Leading Edge BC, has expanded its definition of what industries constitute high technology to include more service sector industries, such as telecommunications and motion picture production.¹ This redefinition has had a considerable impact on the measurement of the high tech sector in British Columbia with most indicators of the sector's size increasing substantially. For example, output from BC's high technology sector, as measured by gross domestic product (GDP), is approximately double what it would be using the old definition. Clearly this is a significant definitional revision, reflecting the increased sphere of influence that high technology is occupying in a variety of industries.

¹ Note that this definitional change does not affect data on international trade of high tech goods, since merchandise trade is calculated using a different definition based on commodity codes, rather than industries.

The measurement of BC's high technology sector is a joint project of BC STATS and Leading Edge British Columbia.

For a list of what industries are classified as high tech and a more detailed analysis of the high technology sector in BC, including data tables, see the publication *Profile of the British Columbia High Technology Sector: 2005 Edition*, available online at:

[www.bcstats.gov.bc.ca/data/bus_stat/
busind/hi_tech/HTPcurr.pdf](http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech/HTPcurr.pdf)
or on Leading Edge BC's website:
www.leadingedgebc.ca

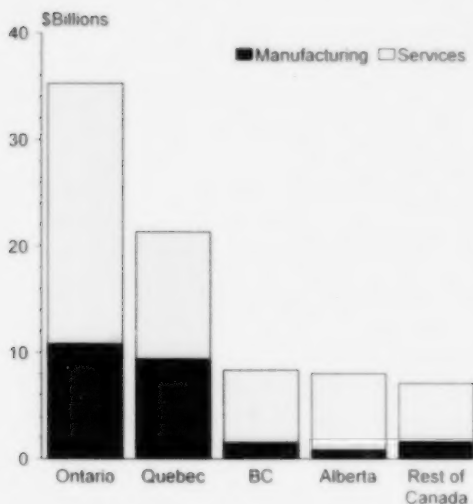
BC's high tech sector recorded above average performance in 2004

In 2004, BC's high tech sector recorded above average growth in every indicator with the exception of employment, where it suffered the most significant job loss in the country. It ranked second in the country in expansion of GDP and value of international commodity exports and experienced the strongest improvement in revenues and average earnings.

In 2004, GDP for British Columbia's high technology sector stood at over \$8.3 billion, which was enough to edge out Alberta, where the comparable figure was \$8.0 billion, to rank third in the country. Ontario, the largest province in Canada with respect to population, also had the highest GDP for high technology, at \$35.2 billion. Quebec ranked second with \$21.3 billion in high tech output. The service sector was responsible for the majority of high tech GDP in each of the four top high technology provinces, but the degree of service sector dominance varied significantly. In British Co-

lumbia, almost 82%, or \$6.8 billion of BC's high tech GDP was comprised of services, versus only \$1.5 billion for high tech goods. The story was much the same in Alberta, where services made up 90% of high tech GDP. In Ontario, service industries generated just over two-thirds (69%) of high technology GDP. However, in Quebec, the goods sector plays a much larger role, with approximately 44% of high tech GDP produced by manufacturing industries. Large aerospace and pharmaceutical manufacturing industries are part of the reason for the higher dependence on manufacturing in that province.

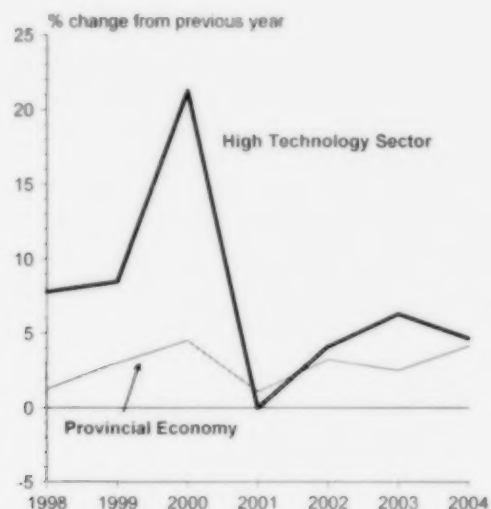
BC ranks third in the country in terms of high technology GDP



British Columbia's high tech GDP climbed 4.6% from 2003 to 2004, which exceeded the national average of 3.9% and was only slightly behind Alberta's 4.7% rate of growth. Quebec's high tech sector posted a GDP increase of 4.4%, while Ontario was the only high tech province to record a rise in GDP (+3.1%) lower than the Canadian average.

BC's high technology sector has generally outpaced the overall provincial economy in terms of GDP growth over the last several years. The only exception was in 2001, when the slump in the manufacturing sector offset the gains in high tech services, resulting in a marginal 0.1% decline in high tech GDP. However, the pace of expansion has slowed in recent years such that the high tech sector's growth in 2004 (+4.6%) was only marginally higher than that of the provincial economy as a whole (+4.1%).

BC's high technology sector GDP continues to outpace the overall provincial economy



High tech employment fell in 2004

Employment in BC's high tech sector dropped 2.4% to 64,660 in 2004, with declines in both the service (-1.7%) and manufacturing (-5.1%) sectors contributing to the overall drop.² This contrasts with overall employment in the province, which climbed 2.1%. The slump in employment, concurrent with an increase in GDP, indicates that BC's high technology sector achieved some gains in productivity between 2003 and 2004 as a smaller labour force was able to generate greater output.

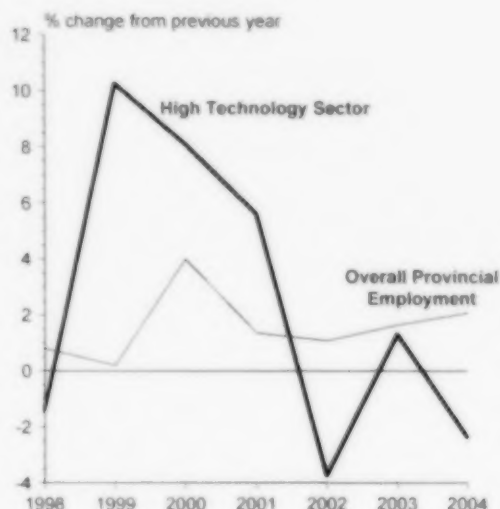
Nationally, employment in high technology industries edged down 0.5% in 2004. While BC's drop was the largest among the high tech provinces, Quebec also experienced significant job loss in the high tech sector, with employment falling 2.0%. Alberta bucked the national trend with a solid 2.1% gain in high tech jobs, while employment in the sector climbed 0.4% in Ontario. British Columbia's job loss combined with Alberta's gain has vaulted Alberta ahead of BC in terms of high tech employment.

Both revenues and expenses up

Revenues in BC's high tech sector climbed for the third straight year, rising 6.8% to just shy of \$14 billion. On the expense side, wages and salaries paid by BC high tech industries reached \$3.6 billion in 2004, edging up 0.3% over the previous year despite falling employment. Average weekly earnings in BC's high tech sector jumped 2.7%. For both revenues and earnings, BC posted the strongest growth among the high tech provinces. At \$1,070, average weekly earnings in the high tech sector significantly exceed the overall BC average weekly wage rate of \$690.

² These figures exclude self-employed.

The high tech sector shed jobs in 2004, while overall employment in BC climbed



International merchandise exports rebound after three years of decline

After three consecutive years of decline, the value of high technology commodity exports from BC climbed 7.1% in 2004. Although this increase is not as robust as the 10.1% growth in the value of overall exports from the province, it is a significant turnaround after exports fell by more than eight percent in each of the previous three years, including a 19.0% drop in 2001.

Imports of high technology goods into the province also bounced back in 2004, jumping 4.9% following two years of declines. Although exports increased at a more rapid pace compared to imports, the absolute increase in imports was larger, which resulted in a slight increase in BC's high tech trade deficit. The value of high tech imports into the province far outweighs that of exports and consequently, BC has a substantial deficit

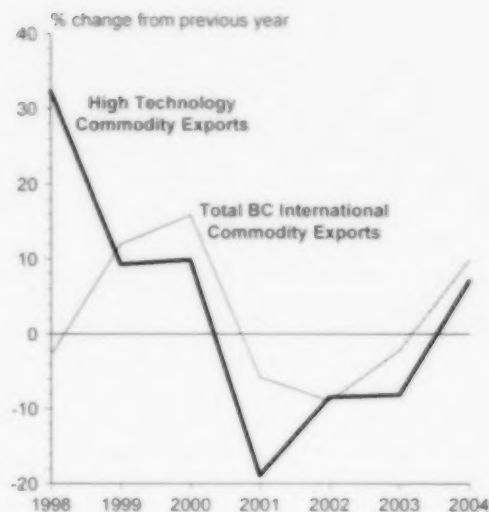
in trade in high tech commodities, reaching \$2.8 billion in 2004.

As important as trade in goods is to BC's high tech sector, it is still small compared to trade in services. Provincial-level detail on exports of services is sparse, but roughly-speaking, high tech service exports from BC are approximately three times the value of international shipments of high tech goods.


High tech in BC is here to stay

British Columbia's high technology sector has undergone significant growth in the last decade and is likely to emerge as an even more important segment of the provincial economy in years to come. The increasing penetration of high technology into all facets of life should ensure that this sector will continue to expand and BC's presence in the sector should continue to grow as well.

Exports of high technology goods from BC climbed for the first time in three years in 2004



 fax transmission information service from **BC STATS**

 Email transmission information service from **BC STATS**

 also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)			% change on one year ago
		Oct 1/05	
BC	4,271.2		1.3
Canada	32,378.2		1.0
GDP and INCOME			% change on one year ago
(BC - at market prices)		2004	
Gross Domestic Product (GDP) (\$ millions)	157,241		7.7
GDP (\$ 1997 millions)	139,205		4.0
GDP (\$ 1997 per Capita)	33,129		2.8
Personal Disposable Income (\$ 1997 per Capita)	20,182		1.4
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Dec	3,760		3.1
Merchandise Exports - Dec	3,197		5.9
Retail Sales - Dec	4,229		-0.6
CONSUMER PRICE INDEX			12-month avg % change
(all items - 1992=100)		Jan '06	
BC	125.6		1.9
Canada	128.8		2.3
LABOUR FORCE (thousands)			% change on prev. month
(seasonally adjusted)		Jan '06	
Labour Force - BC	2,285		0.1
Employed - BC	2,167		0.0
Unemployed - BC	118		1.6
		Dec '05	
Unemployment Rate - BC (percent)	5.1		5.1
Unemployment Rate - Canada (percent)	6.6		6.5
INTEREST RATES (percent)		Feb 22/06	Feb 23/05
Prime Business Rate	5.25		4.25
Conventional Mortgages - 1 year	5.85		4.80
- 5 year	6.45		6.05
US/CANADA EXCHANGE RATE		Feb 22/06	Feb 23/05
(avg. noon spot rate) Cdn \$	1.1482		1.2383
US \$ (reciprocal of the closing rate)	0.8705		0.8080
AVERAGE WEEKLY WAGE RATE			% change on one year ago
(industrial aggregate - dollars)		Jan '06	
BC	720.31		1.7
Canada	718.57		3.5

SOURCES:

Population, Gross Domestic Product, Trade } Statistics
Prices, Labour Force, Wage Rate } Canada
Interest Rates, Exchange Rates Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

Bankruptcy Rates

A new file on our site publishes bankruptcy rates facilitating the comparison of major urban centres. Consumer bankruptcies are normalized by population (per 1000 population) and business bankruptcies are normalized by number of businesses (per 1000 establishments).

Bankruptcy Rates

<http://www.bcstats.gov.bc.ca/> [continued]
[data/dd/handout/BANKRATE.pdf](http://www.bcstats.gov.bc.ca/data/dd/handout/BANKRATE.pdf)

Economic Accounts (GDP)

Statistics Canada now provides free access to a broad range of national and provincial economic accounts (Gross Domestic Product) data.

The **System of National Economic Accounts** module provides an up-to-date portrait of national and provincial economies and their structure, based on an integrated, internationally recognized set of economic accounting concepts.

Labour force statistics

<http://www.statcan.ca/english/nea-cen/index.htm>

LFS revisions 2005

On Wednesday, January 25th, Statistics Canada released revisions to the labour force survey data. We are working to update all the LFS files on our site this cannot be completed until after Statistics Canada publishes the annual CD product.

Labour force statistics

<http://www.bcstats.gov.bc.ca/data/lss/labour.asp>

Released this week by BC STATS

- No subscription releases

Next week

- Exports, January 2006

